

**IN THE SUPREME COURT OF BERMUDA
(COMMERCIAL COURT)**

2016: NO. 70

IN THE MATTER OF MLB INSURANCE LTD.

AND IN THE MATTER OF THE MANUFACTURERS LIFE INSURANCE COMPANY (BERMUDA BRANCH)

AND IN THE MATTER OF SECTION 25 OF THE INSURANCE ACT 1978

AMENDED PETITION

TO THE SUPREME COURT OF BERMUDA:

THE HUMBLE PETITION of the above named Petitioners, MLB Insurance Ltd, (formerly Standard Life Assurance Company Bermuda Limited), ("**MLBI**") and The Manufacturers Life Insurance Company (Bermuda Branch) ("**MANULIFE BRANCH**").

SHOWS as follows: -

1. The object of this Petition is to obtain: -
 - (a) the sanction of the Court under section 25 of the Insurance Act 1978 (the "**Act**") to a scheme (the "**Scheme**") a copy of which is annexed to this Petition marked "**A**" for the transfer from MLBI to MANULIFE BRANCH of the long term business (as defined in section 1 of the Act) carried on by MLBI.

Background of the Companies

- 2(a) MLBI was incorporated in Bermuda on 3 March 2006 with its principal activity being to carry on a life insurance business. Its registered office is situated at Canon's Court, 22 Victoria Street, Hamilton, Bermuda.
- (b) As at December 1, 2015, MLBI's authorised capital is 43,500,000 common shares with a par value of \$1USD. MLBI has issued 3,446,906 common shares with a par value of \$1USD with a total value of US\$3,446,906.

- (c) MLBI is an insurance company registered under the Act as a Class C insurer authorised to carry on long term insurance business. MLBI is regulated by the Bermuda Monetary Authority (the “**BMA**”).
- 3(a) MANULIFE BRANCH is the Bermuda branch of The Manufacturers Life Insurance Company (“**Manulife**”), a company incorporated by an act of the Canadian Parliament in 1887 and a member of the Manulife group of Companies (the “**Manulife Group**”), which has its head office in Toronto, Canada. Manulife Group is a leading Canada based financial services company with principal operations in Canada, Asia and the United States.
- (b) As at December 1, 2015, Manulife’s authorized capital consists of an unlimited number of common shares and an unlimited number of Class A, Class B and Class 1 shares, issuable in series. Manulife has 40,000 Class A, Series 1 shares and 4,702,356,833 common shares issued and outstanding. All of the issued and outstanding shares are held by Manulife Financial Corporation.
- (c) MANULIFE BRANCH was granted permission on 14 September 2004 to conduct insurance business outside of Bermuda from within Bermuda pursuant to section 138 of the Companies Act 1981. MANULIFE BRANCH’s registered office in Bermuda is situated at Canon’s Court, 22 Victoria Street, Hamilton, HM 12, Bermuda.
- (d) MANULIFE BRANCH is registered as a Class C insurer under the Act is thereby authorised to carry in long term business. MANULIFE BRANCH is regulated by the BMA.
4. The business to be transferred pursuant to the Scheme comprises all of the long term business of MLBI and is accordingly business to which section 25 of the Act applies.
5. On January 30, 2015 Manulife acquired all of the Canadian subsidiaries of Standard Life plc, a UK based financial services group, which indirectly included all of the shares of MLBI (the “**Acquisition**”). The Acquisition was approved by the BMA in Bermuda and the Minister of Finance (Canada) and the Office of the Superintendent of Financial Institutions in Canada.
6. Following the Acquisition, MLBI became a wholly owned subsidiary of Manulife and is therefore a member of the Manulife Group. The Scheme is intended to consolidate these two Manulife Group individual insurance businesses operating from Bermuda, namely MLBI and MANULIFE BRANCH, into one entity, namely, MANULIFE BRANCH.

The long term business of MLBI and MANULIFE BRANCH

7. According to MLBI’s records, as at September 30, 2015, the life insurance (long-term included) business carried on by MLBI is comprised of 296 in force life insurance policies and 7 in force annuity policies. The life insurance business had a gross annualised premium of

US\$1.1 million and a gross sum assured of US\$200.00 million, and the annuity business had annual annuity payments of US\$1.3 million as follows:

Life Insurance	Number of Policies	Gross Sum Assured (US\$ million)	Gross Annualised Premium (US\$ million)
	296	200.0	1.1
Annuity Insurance	Number of Policies	Annual Annuity Payment (US\$ million)	Gross Annualised Premium (US\$ million)
	7	1.3	0 *

*single premium annuities in payment mode

8. According to MANULIFE BRANCH's records, as at September 30, 2015, the life insurance and assumed life reinsurance (long-term included) business, carried on by MANULIFE BRANCH is comprised of 2,150 in force life insurance policies and 28 assumed reinsurance agreements. The life insurance business had gross annualised premium of US\$908.1 million and a gross sum assured of US\$17.9 billion. The assumed life reinsurance business has gross annualised premium of US\$12.0 million and a gross sum assured of US\$6.6 billion.

	Number of Policies	Gross Sum Assured (US\$ billion)	Gross Annualised Premium (US\$ million)
Life Insurance	2150	17.9	908.1 *
Assumed Reinsurance	28	6.6	12.0

*Over 95% of the business is written as single pay. The amount shown here is one year's premium from July 1, 2014 to June 30, 2015.

** Effective October 1, 2015, this block was coinsured 100% to an external party.

Transfer of MLBI's Business

9. As stated in paragraph 6 above, following the Acquisition, Manulife Group has determined that it wishes to consolidate the individual insurance businesses currently carried on from Bermuda by MLBI and MANULIFE BRANCH into a single entity (that is MANULIFE BRANCH).
10. The purpose of the proposed transfer of MLBI's long term business to MANULIFE BRANCH under this Scheme is to combine the operations of MLBI and MANULIFE BRANCH to simplify business processes and operations and to reduce operating costs. The combination of the two businesses is expected to eliminate redundant administrative expenses required to maintain separate companies and increase earnings and the capital base of the combined business.

11. Accordingly, the Scheme provides, *inter alia*, for the transfer by MLBI to MANULIFE BRANCH of all the policies comprised in MLBI's long term business and all liabilities and assets attributable to such long term business as at the effective date of the Scheme (the "**Transfer Date**") including all the Transferring Policies, Transferring Assets, Transferring Liabilities (as defined in the Scheme). The Transferring Policies will be managed on and after the Transfer Date in the manner described in the Scheme.
12. The Scheme further provides that the Scheme may be varied with the approval of this Honourable Court.

Approved Actuary's Report

13. Pursuant to section 25(3) of the Act, an approved actuary, namely Naomi Bazak of Manulife (the "**Approved Actuary**"), has prepared a report on the terms of the Scheme (the "**Approved Actuary's Report**") which is filed herewith marked "**B**". The Approved Actuary's Report states the opinion of the Approved Actuary on the likely effect of the Scheme on the long-term policyholders of MLBI and MANULIFE BRANCH. In summary the Approved Actuary's Report concludes that:
 - (a) the Scheme should have no material adverse effect on the reasonable benefit expectations of MLBI's policyholders transferring into MANULIFE BRANCH ; and
 - (b) the Scheme should have no material adverse effect on the financial security of the contractual rights of the MLBI's policyholders transferring into MANULIFE BRANCH.

YOUR PETITIONERS PRAY FOR THE FOLLOWING:

- (1) an order pursuant to section 25 of the Act sanctioning the provisions of the Scheme; and subject thereto
- (2) such other Order(s) as this Honourable Court shall consider appropriate.

NOTE: It is intended to serve this Petition (together with a copy of the Actuary's report) on the Bermuda Monetary Authority, but no other person.

Dated this 18th day of April 2016

APPLEBY (BERMUDA) LIMITED
Attorneys for the Petitioners

This Petition was issued by Appleby (Bermuda) Limited, Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda, Attorneys for the Petitioners.

**IN THE SUPREME COURT OF BERMUDA
(COMMERCIAL COURT)**

20156: NO. 70

**IN THE MATTER OF MLB INSURANCE LTD. (FORMERLY
STANDARD LIFE ASSURANCE COMPANY BERMUDA
LIMITED)**

and

**IN THE MATTER OF THE MANUFACTURERS LIFE
INSURANCE COMPANY (BERMUDA BRANCH)**

and

**IN THE MATTER OF SECTION 25 OF THE INSURANCE ACT
1978**

AMENDED PETITION

Dated the 18th day of April 2016.

**APPLEBY (BERMUDA) LIMITED
Barristers & Attorneys
Canon's Court
22 Victoria Street
Hamilton, Bermuda
JER: 069799.0013**